

**TOWN OF FOUNTAIN HILLS**  
**MINUTES OF THE STRATEGIC PLANNING WORK-SHOP OF THE**  
**FOUNTAIN HILLS TOWN COUNCIL**  
**October 8, 2009**

Mayor Schlum called the meeting to order at 12:00 p.m. in the Fountain Hills Community Center.

Present were the following members of the Fountain Hills Town Council: Mayor Schlum, Councilmember Contino, Councilmember Leger, Councilmember Brown, Vice Mayor Hansen, Councilmember Archambault and Councilmember Dickey.

Present were the following staff members: Town Manager Rick Davis, Deputy Town Manager Julie Ghetty, Parks and Recreation Director Mark Mayer, Public Works Director Tom Ward, Planning and Zoning Director Richard Turner, Community Center/Senior Services Director Samantha Coffman, MCSO Captain John Kleinheinz, Fire Chief Scott LaGreca, Town Attorney Andrew McGuire, Community Affairs/Media Relations Administrator Katie Decker, HR Administrator/Risk Manager Joan McIntosh, Economic Development Administrator Lori Gary, and Town Clerk Bevelyn Bender.

**AGENDA ITEM #1 – STRATEGIC PLANNING ADVISORY COMMISSION UPDATE**

Strategic Plan Advisory Commission (SPAC) Chair Audra Koester Thomas provided the Council with an overview of what a strategic plan was used for and the four phases of the current update to the strategic plan project. She discussed that their initial survey had provided the commission with the opportunity to obtain more details and clarification from the public; the fact that the commission was continuing to establish dialogue with various local groups through the use of various mediums; and the fact that the commissioners were reaching out to where the people were. Chair Thomas discussed that they would be holding three “issue forums” (November 4, 2009, at the Learning Center; November 7, 2009, at Christ’s Church; and November 19, 2009, at the Boys and Girls Club); that commissioners would be at the Chamber’s Business Showcase, and that a survey would be placed on the Town’s website under the “Get Involved” section.

Discussion ensued regarding that a portion of the survey would identify what citizen transportation needs were; that the overall results would assist economic development; that the results of SPAC’s progress would be provided to the Council by the end of the year; and the fact that Councilmembers’ presence at the public forums might impede citizens’ discussions.

**AGENDA ITEM #2 - DISCUSSION REGARDING COMMITTEES AND COMMISSIONS**

Mayor Schlum addressed the Council noting that the Town’s commissions provided valuable input and important connectivity to the community. He spoke about the importance of evaluating and considering each commission’s objective. He proposed that it might be time to consider a consolidation of some of the eight commissions. He spoke of the cost involved to staff the commissions and that the Council needed to utilize all assets to their greatest value. He questioned how the commissions were currently functioning and if they could be used more affectively. He stated that he had either spoken to or left messages for each of the eight commission chairs to advise them that the Council would be talking about this subject.

Mayor Schlum proposed the following mergers: Senior Services Advisory Commission with the Community Center Advisory Commission and the merger of the McDowell Mountain Preservation Commission, Public Safety Advisory Commission and the Parks and Recreation Commission into the Community Enrichment Commission with the Strategic Planning Advisory Commission possibly also being included. He suggested that

the member count be initially increased to accommodate the wide spectrum of experience of those currently serving. He spoke to the fact that a blue ribbon committee or task force could be formed when needed to fill the gaps and that perhaps the Public Safety Advisory Commission could function in that manner. He stated that for him it was about saving staff time as he valued what they do (cost and effectiveness).

Discussion ensued regarding that the commission members wanted more to do, the fact that the number of agenda items had shrunk over the years as not many capital projects or programs were going on (with meetings typically lasting about 20 minutes); the meeting schedules of the various commission (how often they met); the suggestion that the number of meetings held could be reduced for some commissions; the fact that the Council had responsibility to direct their commissions; the question of would the Environmental Commission be part of the Enrichment Commission; the fact that staff had conducted a survey to determine if Fountains Hills had more or less commissions in number than other communities, with the result being that most communities had more commissions, although staff had not determined what their commission scope of work was for comparison purposes; the suggestion made by Vice Mayor Hansen that perhaps the time had come to restructure and use the volunteer realm to provide support to staff by having volunteers act as a liaison to the director, which could also ease the Town's budget; the Mayor's observation that if the scope was too broad, volunteers might be uncomfortable or become disinterested; the Vice Mayor's comment that the first ten years of the Town had been more intense and that now the scope of work had changed; the Council's sensitivity to maintaining good public representation and the question as to what the directive of a Community Enrichment Commission would be as interest would not be generated unless that was a need; the Vice Mayor's observation that although the seniors were in the Community Center that was the only common denominator between them and the Community Center Advisory Commission; Councilmember Dickey's statement that she did not want the Environmental Commission to get lost as there was high public interest in helping with this, that the combination of Senior Services with a Community Enrichment Commission needed more discussion, and that it would be important to define that commission's goals; the difference between a volunteer committee and an officially appointed subcommittee as it related to the staffing responsibilities of agenda posting, preparation of meeting minutes, and the posting of post meeting agenda of each subcommittee meeting held; Councilmember Leger's observation that the \$100,000 cost of staffing commissions was a factor but that commissions also gave individuals an opportunity to become involved and provided for a sense of community and his opinion that there was value in that; the unsuccessful result of a previous attempt to consolidate some of the Town's commissions; and the fact that the Council would like the feedback from the Mayor after he had an opportunity to speak with each of the commissions' chair.

### **AGENDA ITEM #3 - RETAIL TRADE AREA – WHAT'S REAL?**

Economic Development Administrator Lori Gary explained that the retail market analysis was needed to target those who would have the best opportunity to succeed in Fountain Hills. She introduced Ms. Judie Scalise with ESI Corporation, who was responsible for the preparation of the Fountain Hills Retail Market Analysis, for an overview of the study. Ms. Scalise reviewed the results of the retail market analysis referencing a PowerPoint presentation. She stated that the project objective had been to analyze the market and identify the type of retail that could be supported within the Town Center and Four Peaks Plaza. She discussed the scope of work and stated that the two trade areas were analyzed, reviewed the tasks that had been performed and findings that resulted in the following areas: trade area identification, demographic analysis, employee market segment, consumer expenditures and trade leakage, lifestyle analysis and retail demand analysis. Ms. Scalise stated that retailers in six target categories had been identified in apparel, building, lawn & garden, entertainment, sporting goods, furniture and floor covering; and restaurants and taverns. She concluded that Fountain Hills was losing significant sales tax revenue due to leakage, that the demographics of Fountain Hills and the trade area indicated

a very affluent community; that employees that commute into Fountain Hills were also potential customers with significant spending potential, and that the high income levels within the trade area would be a key factor when recruiting retail operations.

Discussion ensued relating as to how tourism played into this analysis; the fact that only homeowner numbers were used; the fact that income was less from those employees coming into the Town; the trade leakage computed to \$46K per household; the internet was not taken into account for this study; the fact that no community captured 100% of their retail market; how Fountain Hills compared to other communities; the fact that a comprehensive list of companies (92 potential retailers had been identified in the analysis) with the prospective company contact information, which had been provided to Ms. Gary; the fact that location placed a large part in the success of a retailer; the point made by Councilmember Dickey that a medical center or school should not be excluded as it brought in more population even though they did not generate sales tax; and the Mayor's comment that economic development was more than retail sales tax.

Ms. Gary stated that although she recognized this study had been aimed at retail, retail was not the Town's only focus. She pointed out that this was one part of the outreach that would continue; however, this study did provide hard data. She stated that once the format was finalized on the retail market analysis, it would be provided to the Council and placed on the Town's website.

#### **AGENDA ITEM #4 - TEAM BUILDING EXERCISE**

#### **AGENDA ITEM #5 - OUTCOME BASED BUDGETING AND SETTING PRIORITIES FOR 2011**

Town Manager Rick Davis addressed the Council. He described outcome based budgeting as stated starting with the results that citizens want, not the programs that have always been funded or last year's spending – but with outcomes that matter most to the public. He continued to discuss the price of government as being taxpayer tolerance associated with government services, which for the first fifty years had been \$.35 to \$.37 of every dollar of personal income to buy services from their local, state, and federal governments. Mr. Davis spoke about the fiscal crisis facing government today and that it was not really a crisis but a permanent condition. He pointed to the steps of outcome based budgeting as: get a grip (is this budgetary condition temporary/cyclical or permanent?); set the price of government (accept and embrace the realities of what citizens are willing to pay.); set the priorities of government; allocate available resources across priorities; and develop a purchasing plan for each result (what are the factors that will deliver the desired outcomes?). He encouraged the Council to provide strategic focus and prioritize the outcomes in order that departments might submit their budgets based on the Council's desired outcomes for implementation and service delivery to the citizens. He felt that evaluation, reporting, and realignment would continue to be part of the process.

Deputy Town Manager Julie Ghetti provided an economic update and referenced a PowerPoint. She reviewed the various Town funds, the projected expenditures, and sales tax revenues by retail categories, concluding that activity had declined but at a much slower rate than construction; an economic outlook stating that construction continued to be weak (2 new residential building permits for the first three months of this fiscal year); State income tax would be \$900K less next fiscal year, and that building permits from the Ellman property were unlikely before 2015; the current year economic outlook stating that the Town continued to "proceed with caution" before approving expenditures; research and analysis on privatization versus in-house and vice versa would continue; State sales tax and building permit activity remained in question; the possibility that midyear adjustment might have to be made, and the fact that staff continued to anticipate the Legislature's attempt to take a portion of the State Shared Revenues to cover their budget. Ms. Ghetti continued to discuss the long term projections revenues versus expenditures, the capital projects fund, restricted funds and summarized that the

economic slowdown gave the Town an opportunity to re-engineer for efficiency and better service. She emphasized that staff would continue to reduce operating costs while minimizing the effect on citizens and would monitor expenditures to ensure that there were sufficient year revenues to pay for the expenses.

Discussion ensued relating to if there was a way to translate the price of government to population with Ms. Ghetti explaining the calculation utilized. Ms. Ghetti led the Council through an exercise of identifying their focus areas for the next fiscal year. The results were based on a rating scale of 100 (the higher the number the higher the priority):

Town Character and Infrastructure	19
Environmental Sustainability	8
Public Safety	18
Culture	7
Recreational Opportunities	11
Education and Learning	10
Health and Welfare	11
Economic Vitality	14
Other	<u>2</u>
Total	100

Mr. Davis indicated that staff would participate in a similar process when they met next month.

#### **AGENDA ITEM #6 - CUSTOMER SERVICE**

Deputy Town Manager Ghetti discussed a potential plan to enhance customer service by referencing a PowerPoint. Staff was asked to bring a plan to the Council to see if there was support to make such a change. She noted that observations had been made that the building felt cold and uninviting as no one was downstairs in the lobby area most of the time. Ms. Ghetti discussed the pros and cons versus the associated costs of each possibility: encouraging volunteers to reach out to Town Hall visitors (\$0), provide for the use of kiosks for citizens to make inquiries or obtain information (\$2,500); or relocate customer service representatives from the second floor to the main floor reception (\$15,000).

Discussion ensued with regard to what the \$15,000 construction cost included, the fact that employees relocated to the first floor would need additional resources & support, the fact that four FTEs were being proposed to move to the first floor along with the customer service representatives; Vice Mayor Hansen's suggestion that only the customer service representatives move to the first floor short term versus Ms. Ghetti's rationale for not doing so; the 2<sup>nd</sup> floor workflow as well as the who and what functions would remain; Councilmember Contino's suggestion that a welcome sign was needed on the first floor lobby desk; the Mayor's point that it appeared they were downsizing but building more space; the fact that no new positions or furniture purchases would be required to move the proposed plan forward; the fact that Ms. Ghetti felt it was important to move the five individuals to the first floor to make the customer service enhancement plan viable; the suggestion by Councilmember Archambault that he and Councilmember Brown could approach the local contractors for assistance with proposed construction to keep the construction cost low; Councilmember Brown's observation that the cost should be less than \$10,000 for the project as discussed; the fact that a \$10,000 insurance refund was targeted as the funding for this project; Ms. McIntosh's point that volunteers had nothing to do and suggestion that perhaps two part-time employees could be hired to be the friendly face (meet and greet citizens);

concern expressed by Councilmember Contino for those days that court was in session or for their clientele in the lobby area (noise), and the fact that Ms. Ghetti had found the court to be supportive.

Mr. Davis summarized that the issue should settle for a week or so and he asked that the Council provide feedback to him directly on the proposal. He reiterated that the most important goal was to provide for enhanced customer service. He acknowledged that local contractors could assist in order to do it in the most cost effective way. He offered that he felt most citizens would feel this move would be a positive one and that although he supported the plan the Council needed to be behind it. He proposed that he meet with Councilmembers Brown and Archambault to walk the project to see what the possibilities were and then he would provide the information (cost) to the Council. Councilmember Leger stated that he was open to looking at this but was interested in getting a realistic cost.

### **TEAM BUILDING EXERCISE**

Mr. Davis reminded the Council that they would meet again in January 2010 to formulate goals (desired outcomes).

Mayor Schlum adjourned the meeting at 4:00 p.m.

### **TOWN OF FOUNTAIN HILLS**

By \_\_\_\_\_  
Mayor Jay T. Schlum

ATTEST AND  
PREPARED BY:

\_\_\_\_\_  
Bevelyn J. Bender, Town Clerk

### **CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Strategic Planning Work-Shop held by the Town Council of Fountain Hills on the 8<sup>th</sup> day of October, 2009. I further certify that the meeting was duly called and that a quorum was present.

Dated this 5<sup>th</sup> day of November 2009.

\_\_\_\_\_  
Bevelyn J. Bender, Town Clerk